

July 11, 2006

Mr. Charles Terreni
Chief Clerk Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29210

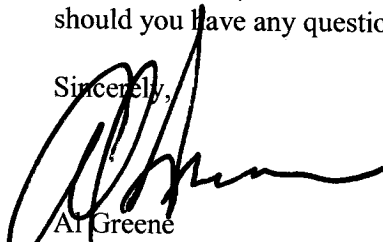
Dear Mr. Terreni:

On June 12, 2006, I attended a public hearing held by the Public Service Commission in the River Hills community of York County regarding the request by Carolina Water Service for approval of a rate increase (docket # 2006-92-WS). At that time I provided testimony regarding York County's rate increase since the time that Carolina Water Service began receiving wholesale service from the county, as well as rate increases that we have absorbed from our treatment providers (City of Rock Hill, Town of Fort Mill and Charlotte/Mecklenburg Utilities). The purpose of offering this testimony was to demonstrate that further rate adjustments requested by Carolina Water Service could not be justified from the standpoint of rate increase imposed by York County.

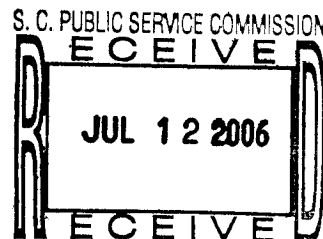
During the testimony I was asked about specific rate increased from our wholesale treatment providers relative to the volume of water or wastewater treatment services that the county acquires from each provider. I apologize for the delay in providing this information but some coordination was required and records dating back to an older software system used by the county had to be retrieved from storage and reviewed manually.

Attached you will find a memorandum and accompanying spreadsheets provided by our Public Works Director, David Harmon. I hope that this is helpful to you in your deliberations, and should you have any questions or desire additional information, please do not hesitate to call.

Sincerely,


Al Greene
County Manager

cc: C. Lessie Hammonds, Counsel, Office of Regulatory Staff
John M.S. Hoefer, Willoughby & Hoefer, P.A.
Melvin B. McKeown, Jr., County Attorney





Memorandum

To: Al Greene, County Manager

From: David Harmon, Public Works Director

A handwritten signature in black ink, appearing to be "DA", is written over the name "David Harmon".

Subject: Water/Sewer Rate Information

Date: June 30, 2006

Attached you will find both the information on water and sewer rates and purchase percentages that you requested. The information includes rates that we pay for water and sewer to our wholesale providers and the rates that we charge our customers as a service provider.

In interpreting this data, it is interesting to note that both county water and sewer rates have increased only 16 % since 1995. However, when examining the rates of our providers, water rates have increased from a low of 6 % charged by the Town of Fort Mill to a high of 189 % charged by Charlotte Mecklenburg Utilities. The City of Rock Hill's water rates have increased by 34 % and sewer rates by 75 % during this same time period.

If you need any additional information please feel free to contact me.

Cc: Anna Wilson, Assistant County Manager
Beth Latham, Finance Director
David Hughes, Water and Sewer Supervisor

**York County Water and Sewer
Purchase Percentages
April 2005 - March 2006**

Water System

System	Supplier	Gallons	Percentage
East	Fort Mill	413,405,003	0.41
East	CMUD	340,104,673	0.33
West	Rock Hill	265,751,131	0.26
		1,019,260,807	

Sewer System

System	Supplier	Gallons	Percentage
East	Rock Hill	420,421,900.00	0.70
West	Rock Hill	177,982,000.00	0.30
		598,403,900.00	

WATER & SEWER RATES PAID BY YORK COUNTY

<u>SELLER</u>		1995-1996	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
ROCK HILL:								
	WATER	\$ 0.92	\$ 0.74	\$ 0.78	\$ 1.04	\$ 1.12	\$ 1.12	\$ 1.23
	SEWER	\$ 1.58	\$ 2.17	\$ 2.34	\$ 2.34	\$ 2.53	\$ 2.53	\$ 2.78
	FORT MILL	\$ 1.61	\$ 1.71	\$ 1.52	\$ 1.52	\$ 1.60	\$ 1.60	\$ 1.71
	CMUD	\$ 0.94	\$ 1.62	\$ 2.00	\$ 2.08	\$ 2.55	\$ 2.55	\$ 2.72

Water/Sewer Rates
1995 - Present
(Last rate increase was in 2002)

	1995 Rates	1996 Rates	1997 Rates	2002 Rates
Water				
<u>Residential</u>				
Base, no flow	7.48	7.85	8.25	8.66
Cost/1000 gallons	3.28	3.44	3.62	3.80
<u>Commercial/Industrial</u>				
Base, no flow				
3/4"	28.75	30.19	31.70	33.28
1"	57.50	60.38	63.40	66.57
1 1/2"	115.00	120.75	126.79	133.12
2"	172.50	181.13	190.18	199.68
3"	230.00	241.50	253.58	266.25
4"	287.50	301.80	316.97	332.81
6"	345.00	362.25	380.36	399.37
8"	402.50	422.63	443.76	465.94
10"	575.00	603.75	633.94	665.63
12"	805.00	845.25	887.51	931.88
14" and greater	negotiable	negotiable	negotiable	negotiable
Cost/1000 gallons	3.75	3.94	4.13	4.33
<u>Wholesale</u>				
Base, no flow				
6"	345.00	362.25	380.36	399.37
8"	402.50	422.63	443.76	465.94
10"	575.00	603.75	633.94	665.63
12"	805.00	845.25	887.51	931.80
14" and greater	negotiable	negotiable	negotiable	negotiable
Cost/1000 gallons	2.82	2.96	3.11	3.26
<u>Tap Fees</u>				
3/4" (standard residential)	1,000.00	1,000.00	1,000.00	1,500.00
1"	1,700.00	1,700.00	1,700.00	2,550.00
1 1/2"	3,400.00	3,400.00	3,400.00	5,100.00
2"	5,400.00	5,400.00	5,400.00	8,100.00
3" (Note 1)	10,700.00	10,700.00	10,700.00	16,050.00
4" (Note 1)	16,700.00	16,700.00	16,700.00	25,050.00
<u>Irrigation Taps</u>				
3/4" (standard residential)	500.00	500.00	500.00	275.00
1"	1,000.00	1,000.00	1,000.00	380.00
1 1/2"	n/a	n/a	n/a	725.00
2"	n/a	n/a	n/a	1,250.00

Water/Sewer Rates
1995 - Present
(Last rate increase was in 2002)

	1995 Rates	1996 Rates	1997 Rates	2002 Rates
<u>Sewer</u>				
<u>Residential</u>				
Base, no flow	7.48	7.85	8.25	8.66
Cost/1000 gallons	3.91	4.11	4.31	4.52
<u>Commercial/Industrial</u>				
Base, no flow				
4"	28.75	30.19	31.70	33.28
6"	172.50	181.13	190.18	199.68
8"	345.00	362.25	380.36	399.37
10"	575.00	603.75	633.94	665.63
12"	805.00	845.25	887.51	931.88
14" and greater	negotiable	negotiable	negotiable	negotiable
Cost/1000 gallons	4.31	4.53	4.75	4.98
<u>Wholesale</u>				
Base, no flow				
6"	172.50	181.13	190.18	199.68
8"	345.00	362.25	380.36	399.37
10"	575.00	603.75	633.94	665.63
12"	805.00	845.25	887.51	931.88
14" and greater	negotiable	negotiable	negotiable	negotiable
Cost/1000 gallons for first 10,675,000 gallons per month	3.47	3.47	3.47	3.64
Cost/1000 gallons in excess of 10,675,000 gallons per month	1.85	1.85	1.85	1.94
<u>Tap Fees</u>				
4" or less (standard residential)	1,500.00	1,500.00	1,500.00	2,000.00
6"	5,000.00	5,000.00	5,000.00	6,750.00
8" or greater (Note 1)	10,000.00	10,000.00	10,000.00	13,500.00

Note 1: Costs of construction of the taps are added to the base rates shown.